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SUBJECT: MAY 16 MFA PRESS BRIEFING: IRAN, SCO SUMMIT,  
PRC-RUSSIA FM MEETING, SIX-PARTY TALKS, TAIWAN SPY CASE,  
UNSGY ANNAN'S VISIT AND EAST CHINA SEA TALKS

Summary

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¶1. Key points made at the May 18 MFA press briefing are as follows:

-- China stands ready to help solve the Iran nuclear issue and hopes the EU-3 proposal will prove to be feasible and acceptable to Iran.

-- The leaders of all SCO member states and observer states, including Iran President Ahmadinejad, have been invited to the sixth SCO Summit in Shanghai on June 15.

-- FM Li and Russian FM Lavrov discussed border issues, illegal migration and energy cooperation during their May 16 meeting in Beijing.

-- China considers groundless reports that a Taiwanese businessman arrested in the United States was spying and purchasing U.S. military equipment for China.

-- UNSGY Annan arrives in China on May 19. He will meet with President Hu and State Councilor Tang Jiaxuan as well as travel to different parts in China, including Shenyang.

-- China is still considering Japan's proposal for FM-level meetings at the Asian Cooperation Dialogue in Doha May 23-24.

-- The MFA has set up an office focused on providing assistance to overseas Chinese nationals facing difficulties like the recent violence in the Solomon Islands.

Iran Nuclear Issue

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¶2. China stands ready to press ahead to help solve the Iranian issue, MFA Spokesperson Liu Jianchao stated during his regular May 18 press briefing in response to an NHK reporter's question about Chinese discussions with the Iranian oil minister. China is taking a pragmatic and constructive approach and is encouraging dialogue between Iran and relevant parties. Beijing hopes the EU-3 proposal will prove to be feasible and acceptable in order to achieve progress. Pointing out that China and Iran have normal relations and cooperate on energy, Liu referred

the questioner to the NDRC for details about China-Iran energy discussions.

#### Shanghai Cooperation Organization (SCO) Summit

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¶3. Liu announced that the 6th SCO Summit will be held in Shanghai June 15. The leaders of all six SCO member countries are expected to attend and the leaders of all SCO observer nations, including Iranian President Ahmadinejad and international organizations that cooperate with the SCO, have been invited. This is in accordance with the consensus of the SCO members, Liu said. Member nations will sign several documents that will summarize the SCO's achievements over the last five years and define its future direction. Liu said that SCO foreign ministers had exchanged views on the question of increasing SCO membership during their recent meeting in Beijing and had decided to study the issue further and work to improve the legal basis for expanding the SCO.

#### PRC-Russia Foreign Minister's Meeting

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¶4. Commenting on FM Li Zhaoxing's May 16 meeting with Russian FM Segey Lavrov in Beijing, Liu called the China-Russia relationship a strategic partnership, with both sides devoted to realizing long term stability and mutual confidence. Sidestepping a question on the specifics of bilateral border issues, Liu said Beijing and Moscow had already reached agreement on the 4000km border and that the on-going

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demarcation work is expected to be completed next year. FM Li and FM Lavrov signed an agreement for the joint design, construction, management and maintenance of a bridge over the Argun River. The two foreign ministers also signed an agreement to set up a joint workshop on immigration that would increase coordination and cooperation to stem illegal migration.

¶5. Separately, Liu said energy cooperation was an important part of the China-Russia economic and trade relationship. The two economies are highly complementary and this has allowed for the satisfactory development of energy ties that has benefited both people. More than 10 million tons of crude oil was shipped from Russia to China in 2005. There are also active discussions regarding the construction of a crude oil pipeline and increasing Russian natural gas exports to China.

#### Six-Party Talks

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¶6. In response to a question about A/S Hill's visit to Beijing next week, Liu said China maintains close contact with all of the Six-Party Talks participants, including the United States. The talks have been suspended for a long time, but China hopes all parties can move forward in a pragmatic and constructive manner so that the talks can be resumed at an early time. Liu refused to comment specifically when asked about a New York Times report referring to a new U.S. approach to the DPRK, saying all parties should take a conciliatory attitude, be earnest and make pragmatic efforts to build consensus and achieve progress to ensure a nuclear-free Korean Peninsula.

#### Taiwan Man Not Spying for China

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¶7. Liu said China has noted but considers groundless

reports that a businessman from Taiwan has been arrested in the United States for spying and attempting to purchase U.S. military equipment for China. There are rigorous systems in place in China to regulate the importation of military product, Liu stated, and no Chinese company would import any military equipment without appropriate documentation.

#### Chen Shui-Bian's Stopover in Indonesia

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¶18. Liu said China made serious representations and voiced its strong concerns to Indonesia for allowing Chen Shui-Bian to stopover in Indonesia.

#### UNSGY Annan's Visit to China, Japan and the ROK

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¶19. Liu said UN Secretary General Kofi Annan would meet with President Hu Jintai and State Councilor Tang Jiaxuan to exchange views on major international and regional issues. During his May 19-23 visit to China, UNSGY Annan will visit Beijing and Shenyang, as well as other parts of China. Asked to comment on UNSGY Annan's visits to Japan and South Korea, Liu said both are countries of significance in the region and as such developing better relations with the United Nations would be helpful to the region. Answering a question about UNSGY Annan's call for dialogue to solve disputes, Liu said high level meetings between China and Japan are important but Japan is responsible for the lack of such meetings because of visits to the Yasukuni Shrine. China stands ready to hold meetings, but Japan needs to create the right atmosphere and conditions first.

#### China-Japan FM Meeting

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¶10. In response to questions regarding a potential meeting between FM Li and FM Taro Aso in Doha during the Asian Cooperation Dialogue, Liu said China is still considering Japan's request.

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#### East China Sea Talks

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¶11. Liu said it was too early to comment on the on-going Sino-Japanese talks in Tokyo on the East China Sea dispute, but pointed out that China is maintaining a responsible attitude to narrow the gap between the two countries' positions.

#### PRC Assistance to Overseas Chinese

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¶12. Responding to a Taiwan reporter's question about China's preparatins for responding to future situations like the recent turmoil in the Solomon Islands, Liu said the MFA has set-up a new office and is looking at other mechanisms to provide assistance to overseas Chinese nationals facing difficulties. China stands ready to assist all Chinese citizens overseas.

#### Strategic Partnerships

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¶13. Asked to comment on the possibility of China pursuing strategic partnerships with the United States and other countries, Liu said such partnerships are the outcomes of bilateral relations that have reached a "certain stage." China is ready to set-up partnerships to increase coordination and cooperation

with different countries when it is appropriate. Liu said the U.S.-China relationship should be constructive, stable and not directed at other countries and that Beijing stands ready to work towards this.

#### PRC Response to SARS

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¶14. Asked by an AP reporter to comment about a recent WHO released book that is critical of China's response to the SARS outbreak, Liu declared that the Chinese government and people had been highly responsible and unified in the fight against SARS, which allowed them to eradicate the epidemic in a short period of time. The Chinese government also had a sound, efficient and cooperative relationship with the WHO and quickly shared its experiences with the international community. China hopes others will take an objective attitude when reviewing China's achievements combating this epidemic.

#### East Timor President Visit

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¶15. Liu announced East Timor President Xanana Gusmao will visit China May 29-June 3.  
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